

Rx PLAN TAKES DRUG COVERAGE AWAY FROM 2 to 3 MILLION SENIORS NATIONWIDE

The plan will result in millions of retirees losing their employer-sponsored drug coverage, dealing an irreversible blow to the employer-based system that is the backbone of our nation's health care system. Employer-sponsored retiree health benefits are the single greatest source of drug coverage for retirees, providing benefits to one in three Medicare beneficiaries. However, the discriminatory treatment of seniors with retiree coverage in the proposal could result in over 2 million seniors in employer-based retiree plans being dropped from coverage. Even more might receive reduced coverage.

- **Retiree health coverage is already in trouble.** Employer-sponsored retiree health benefits are the single greatest source of coverage for retirees, providing drug coverage for one in three Medicare beneficiaries. But high drug costs constitute 40 to 60 percent of employer's retiree health care costs, and steep price increases are prompting employers to eliminate drug benefits, cap their contributions, or drop retiree coverage all together. In fact, just 34 percent of all large firms (200 or more employees) offered retiree benefits in 2000, down from 68 percent of all large firms in 1988. This proposal greatly exacerbates this troubling trend.
- **Employers need immediate relief for their retiree prescription drug costs.** A Medicare prescription drug benefit should relieve some of the burden on employers by covering retiree's costs after a certain catastrophic limit. Instead, this proposal does the opposite.
- **The plan discriminates against those retirees who currently have employer sponsored coverage.** This plan actually creates an incentive for employers to drop the coverage they are currently providing to retirees, rather than encouraging employers who are currently providing drug coverage to their retirees to continue to do so.
- **Instead of expanding coverage, this proposal takes it away.** This debate was supposed to increase access to drug benefits. Instead, millions of those with good coverage today will lose it. When the GOP claims that no one is forced to participate, that is not the case for these beneficiaries. They won't have the choice to stay in their current plan.